



May 27, 2022

CERTIFIED E-MAIL RECEIPT REQUESTED

Kara Lomen, Executive Director  
Partners in Nutrition dba Partners in Quality Care  
1035 West 7<sup>th</sup> Street  
St. Paul, MN 55102-3827

Jim Handrigan, President, Board of Directors  
Partners in Nutrition dba Partners in Quality Care  
2713 Colfax Ave S  
Minneapolis, MN 55408

Julius Scarver, Board Member  
1035 West 7<sup>th</sup> Street  
St. Paul, MN 55102-3827

Jodie Luzum, Director of Operations  
9660 Pleasant Ave S  
Bloomington, MN 55420

Dan Smeriglio, Claims Manager  
1035 West 7<sup>th</sup> Street  
St Paul, MN 55102-3827

Christine Twait, Board Secretary  
7216 Braemar Lane  
Woodbury, MN 55125

CLiCS Sponsor ID #2000010186

**Appealable Action**

RE: Termination of CACFP Permanent Agreement and withholding of payments

Effective May 27, 2022, the Minnesota Department of Education (MDE) is terminating Partner in Nutrition dba Partner in Quality Care's (PIQC) permanent agreement and all pending site applications under the Child and Adult Care Food Program (CACFP) due to affidavits unsealed by the United States District Court for the District of

**Ex. A**

as part of the federal investigation into the scheme to defraud the federal government using the Child Nutrition Programs in Minnesota and the arrest of two targets of the federal investigation for fraudulently obtaining a passport from the U.S. State Department.

Effective May 27, 2022, MDE will also withhold all payments in response to the ongoing noncompliance based on the new information released. This action is taken based on MDE's determination that the role of PIQC in the federal food aid fraud, as demonstrated by the federal affidavits, cannot be corrected by imposing additional conditions found in 2 CFR 200.208.

These actions are being taken with the authority under 2 CFR 200:

- 2 CFR 200.339 Remedies for noncompliance
  - 2 CFR 200.339(e) Withhold further Federal awards for the project or program.
- 2 CFR 200.340 Termination
  - 2 CFR 200.340(a)(1) By the Federal awarding agency or pass-through entity, if a non-Federal entity fails to comply with the terms and conditions of a Federal award;

These actions are being taken in response to the federal investigation into a fraud scheme to misappropriate millions of dollars in federal child nutrition program funds. This investigation was made public through the unsealing of search warrants and affidavits on January 20, 2022 through the United States District Court for the District of Minnesota. On April 21, 2022 and May 20, 2022 additional affidavits were filed in support of arrests of two individuals, Mohamed Jama Ismail and Abdiaziz S. Farah, both of whom are targets of the federal investigation. Evidence can be found in each of these five (5) unsealed affidavits which tie PIQC's operation to the fraud being investigated by the Federal Bureau of Investigation ("FBI"). The affidavits further demonstrate that PIQC is incapable of operating in compliance with the federal regulations even with additional conditions being imposed as permitted under 2 CFR 200.208.

The May 20, 2022 affidavit describes in more detail the involvement of PIQC's board member and site monitor, Julius Scarver (referred to as J.S. in the affidavit) in the fraud scheme. This affidavit shows that ThinkTechAct fraudulently received \$18,006,479 in federal food aid from PIQC during the January 2021 to February 2022 time frame. The May 2021 affidavit details how almost none of the federal food aid was used to feed needy kids but was instead laundered through a series of shell companies before being used to purchase real estate, vehicles, and to send money abroad. This affidavit also outlines the role of Julius Scarver, one of PIQC's board members, in the fraud scheme. Mr. Scarver formed The Free Minded Institute in July 2021 and received \$2,496,989 in federal food program funds from PIQC during the October 2021 to January 2022 time frame. The May 20, 2022 affidavit details how almost all of the funds The Free Minded Institute received from PIQC was sent to Empire Cuisine & Market or its owner, Abdiaziz S. Farah. The May 20, 2022 affidavit goes on to discuss how Empire Cuisine & Market paid some of the fraudulently obtained funds back to Mr. Scarver and how in some instances Mr. Scarver withheld some of the money The Free Minded Institute received from PIQC.

On February 11, 2022 MDE requested PIQC to update their *Principal Identification* form and *Less-Than-Arms-Length Relationship* form. PIQC Board Secretary Christine Twait responded that same day with the updated

forms in which she disclosed Julius as a board member of the Free Minded Institute and stated that the Free Minded Institute did not pay Julius Scarver and that they existed to provide afterschool programs. The May 20, 2022 affidavit shows that Ms. Twait's representation to MDE was demonstrably false.

Based on the information in the federal affidavits, the Minnesota Department of Education has determined that PIQC submitted claims that are demonstrably false and fraudulent and misrepresented to MDE that Board Member Julius Scarver was not receiving any of the federal funds PIQC paid to The Free Minded Institute—an entity that, based on the May 20, 2022, was formed by Ms. Scarver to launder stolen federal food aid. PIQC's CACFP agreement is accordingly terminated effective May 27, 2022.

Although CACFP federal regulations under 7 CFR 226 support these actions, MDE is terminating and withholding payment under 2 CFR 200. The 2 CFR 200 federal regulations apply to the administration of all federal programs including CACFP and SFSP.

For clarity, the suspension of payments applies to all claims submitted but not yet paid. This includes, as an alternative basis for denial, claims for November and December 2021 that were denied prior to the date of this letter that are currently the subject of two separate administrative appeals. The immediate withholding of payment also extends to all other claims in submitted-but-not-paid status and to claims that PIQC has not yet submitted to MDE for payment.

All documents used by MDE to support this action will be made available for your review upon request.

This is an appealable action. If you wish to appeal this decision, the appeal procedure document is attached. Due to COVID-19, please email your appeal request to the following:

- Appeals Coordinator: [Allison.Loomis@state.mn.us](mailto:Allison.Loomis@state.mn.us)
- Nutrition Program Services Director: [Monica.Herrera@state.mn.us](mailto:Monica.Herrera@state.mn.us)

Sincerely,



Emily Honer  
Supervisor, Business Operations  
Minnesota Department of Education